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No. 84-1664

In the
Supreme Court of the United States

October Term, 1984

Valmet Oy and TVW Papermachines, Inc.
Petitioners,

v.

Beloit Corporation,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION

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RULE 28.1 STATEMENT

Respondent Beloit Corp. has the following non-wholly owned subsidiaries and affiliates. Beloit Corp. has no parent corporation.

Beloit-Rauma Industrial Ltds.

Beloit Papermachines SARL

Beloit Nippon Ltd.

Sandusky Foundry & Machine Co.

Wrenford Insurance Co. Ltd.

PLECO, Inc.

P & LE Car Management Co.

P & LE Coal Logistics Co.

P & LE Land Co.

Pittsburgh and Lake Erie R.R. Co.

Mahoning State Line R.R. Co.

Monongaheia Railway Co.

Pittsburg, Chartiers and Youghiogheny Railway Co.

Montour Railroad Company

Youngstown & Southern Railway Co.

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RESPONDENT'S BRIEF IN OPPOSITION

Respondent Beloit Corporation (hereinafter "Beloit") herewith opposes the Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit filed by Petitioners Valmet Oy and TVW Papermachines (hereinafter collectively "Valmet").

COUNTERSTATEMENT OF THE CASE

Beloit agrees with Valmet's characterization of the proceedings below in Section 2 of its Statement of the Case spanning pages 4 and 5 of its Petition. Beloit takes issue with the arguments set forth in Section 1 (Introduction) and Section 3 (The Factual Issue Below) as set forth by Valmet, and accordingly submits its counterstatement of those issues.

Valmet presumptuously contends the United States Court of Appeals for the Federal Circuit (hereinafter "the Federal Circuit") is in need of "guidance." (Petition p.3) Valmet contends the Federal Circuit is engaging, and has engaged in this matter, in *de novo* fact finding. The emptiness of this argument is demonstrated by the lack of any specific identification by Valmet in its entire Petition of the supposed *de novo* fact or facts which allegedly have been found by the Federal Circuit. Valmet instead resorts to an allegation of *"sub silentio"* fact finding on the part of the Federal Circuit. As will be discussed in detail below, the Judicial Improvement Act of 1982, which created the Federal Circuit and delineated its jurisdiction, has admirably performed its primary reason for enactment, namely, bringing uniformity to a number of areas of federal law of national interest, including patent law. Since the Federal Circuit now has exclusive jurisdiction over patent-based appeals, there cannot be any split in the circuits concerning the application of patent laws of the United States. Sadly for disgruntled losing parties such as Valmet, the alacrity with which the Federal Circuit has dispatched its legislative mandate has removed a previously overused basis for petitions for writs of certiorari in patent cases, namely an allegation of conflict among the circuits. It is clear

that Valmet, and other similarly situated losing parties, have now seized on the allegation of "*de novo* fact finding" as a substitute for the "conflict among the circuits" argument, with equal overuse and lack of merit.

Valmet devotes a considerable portion of its Petition to identification and discussion of a purported "factual issue" below. The existence of such a "factual issue" is, however, perceived only by Valmet, and such a "factual issue" cannot be manufactured by Valmet's insistence where none exists. The structure and operation of the papermaking machine forming section manufactured by Valmet, the infringing structure, is not in dispute. Valmet makes much of the contention that one component of its structure, the "entrance nip," is too "abrupt" and terminates too early within the forming section to be covered by the asserted claim language. There is no dispute as to how "abrupt" the Valmet entrance nip is. The Administrative Law Judge (hereinafter "the ALJ") and the International Trade Commission (hereinafter "the ITC") held that if the asserted claims of the patent are limited by certain examples and embodiments in the specification, the claims are not sufficiently broad to encompass Valmet's structure within their scope. The Federal Circuit held, *as a matter of law*, that the asserted patent claims are not to be interpreted in such a limited manner, and when properly construed have a *legal* meaning which does encompass the infringing structure.

In making this ruling as a matter of law, the Federal Circuit did not engage in any new fact finding. Valmet contends, erroneously, that other evidence, such as expert testimony, is present in the record before the ITC which provides further basis for a finding of non-infringement, even if the claims are not limited by the examples

and embodiments of the patent specification. Valmet fails to recognize, however, that the underlying premise of all of its experts' testimony was that the claims *were* so limited. Thus, the reversal as a matter of law, of the approach to claim interpretation utilized by the ITC simultaneously removes the underpinnings of Valmet's "other testimony," which was based on the same erroneous reading of the claim language. Thus, the Federal Circuit did no more than it is empowered to do by 5 U.S.C. § 706 which requires the Federal Circuit under Section (2) to "hold unlawful and set aside agency action . . . not in accordance with law." Contrary to Valmet's assertions, the Federal Circuit had at least three occasions (in reviewing Valmet's briefs, during oral argument, and in denying Valmet's request for a rehearing) to hear all of the arguments Valmet is again rehashing before this Court. The Federal Circuit was thus well aware of the so-called "other evidence" allegedly supporting non-infringement, and its holding of infringement must be taken as a ruling that *all* of Valmet's purported non-infringement argument suffered from the common defect of undue limitation to the examples and embodiments of the patent specification. Once this common error in all of Valmet's arguments, and the ITC decision, was recognized, there was only one alternative to a finding of non-infringement, i.e., outright reversal and a holding of infringement. There is no further review of facts necessary by the ITC in view of the Federal Circuit's ruling.

SUMMARY OF RESPONDENT'S ARGUMENT

The Federal Circuit did no more than rule as a matter of law that the approach to claim interpretation utilized

by the ITC and by Valmet was erroneous. There is no "factual issue" remaining for the ITC, or anyone else, to consider in order to further evaluate the question of infringement. The Federal Circuit found, *inter alia,* that the term "adjacent" as used in the asserted claim language is not limited to the examples and embodiments shown in the patent specification. Moreover, because "adjacent" is an ordinary English word, and not a term of technical art, the Federal Circuit was fully capable of reading the asserted claims, without the erroneously imputed limitations, on Valmet's structure. The facts identifying Valmet's structure are not in dispute. The issue of exactly where the entrance nip in the Valmet structure begins and ends was not an issue on Appeal, having never been raised by Beloit in its briefs or in oral argument. Beloit's sole contention on Appeal, which was upheld by the Federal Circuit, was that the ALJ and the ITC erred *as a matter of law* in claim interpretation as to whether the undisputed Valmet structure came within the claim language. Valmet can only resort to an allegation of *"sub silentio* fact finding" on this issue. The Federal Circuit made no *"sub silentio* findings;" the Federal Circuit made *no* factual findings, which is the reason why none are to be found in its opinion and why Valmet must resort to its *sub silentio* contentions.

When reviewed without the excess baggage of Valmet's unfounded premise that some sort of factual issue remains after the ruling by the Federal Circuit, it is clear that the Federal Circuit did not act in conflict with any provision of the Administrative Procedure Act, and moreover fully complied with the Congressional mandate creating the Federal Circuit.

The so-called comparative analysis in the form of a table prepared by Valmet purportedly showing a relatively greater number of allegations of *"de novo* fact finding" made in petitions for certiorari from the Federal Circuit, as compared with the other circuits, is meaningless. No true comparison is made (nor is one possible). Moreover the purported "comparison" is subjective, and the criteria for classifying the arguments made in the various petitions for certiorari filed since October 1, 1982 are not identified.

REASONS FOR DENYING THE WRIT

1. Claim Construction is a Matter of Law.

I. THE FEDERAL CIRCUIT DID NOTHING MORE THAN RULE AS A MATTER OF LAW THAT THE ITC ERRED IN LIMITING THE SCOPE OF THE ASSERTED CLAIMS.

It has been settled for over 130 years that patent claim interpretation is a matter of law. *Winans* v. *Denmead,* 20 U.S. 545 (15 How. 330) (1853). This basic tenet of patent law has been consistently followed by the Federal Circuit. As stated in *Raytheon Co.* v. *Roper Corp.,* 724 F.2d 951, 956, 220 U.S.P.Q. 592, 596 (Fed. Cir. 1983):

> "Claim interpretation is a legal matter subject to review free of the clearly erroneous standard applicable to fact findings."

In *SSIH Equipment S.A.* v. *U.S. ITC,* 718 F.2d 365, 376, 218 U.S.P.Q. 678, 688 (Fed. Cir. 1983), the Federal Circuit stated:

> "With respect to infringement, the question of 'what is the thing patented' is one of law, while the question 'has that thing been constructed [made], used or sold' by the alleged infringer is a factual issue . . ."

Consistent holdings are stated in *Fromson* v. *Advance Offset Plate, Inc.,* 720 F.2d 1565, 1569, 219 U.S.P.Q. 1137, 1140 (Fed. Cir. 1983) and *ACS Hospital Systems, Inc.* v. *Montefiore Hospital,* 732 F.2d 1572, 1577, 221 U.S.P.Q. 929, 932 (Fed. Cir. 1984).

In view of the age-old doctrine, it is difficult to logically see how, as argued by Valmet, the Federal Circuit or

any other court can have created a so-called "factual issue" by making a legal ruling. Beloit agrees, as stated above by the Federal Circuit, that once a claim has been construed or interpreted as a matter of law, the determination as to whether the accused structure infringes the claim is in part a fact question. Thus infringement is a legal conclusion based on underlying facts. A factual issue arises, however, only to the extent necessary to factually determine (or prove) exactly what the accused structure is. There is no factual dispute in the present matter as to the structural details of Valmet's accused forming section. There was thus no reason for the Federal Circuit to remand to the ITC for further consideration, the Federal Circuit, having properly interpreted the asserted claims, was in as good if not a better position to simply apply those claims to the known accused structure. This is a practice which has been adopted by virtually every reviewing court, including the Supreme Court, since the creation of the Federal Judiciary in 1789. Ultimately, infringement, like obviousness under 35 U.S.C. §103, is a legal conclusion to be drawn based on factual evidence, and is not in and of itself a factual determination. For example, in the landmark case *of Graham* v. *John Deere Co.*, 383 U.S. 1 (1965), this Court set out the factual inquiry which is to be undertaken to make a legal conclusion as to obviousness. This Court held the Court of Appeals below had failed to undertake such a factual inquiry consistent with the standard then set by this Court. Having made this determination, however, this Court did not remand the case to the trial court for further consideration in view of the standard set forth in that decision by the Supreme Court, but rather went forward and applied the legal standard to the facts, concluding that the subject matter

of the patent in question did not meet the obviousness test of §103, and accordingly the judgment of the court below was reversed. 383 U.S. 37. Does Valmet seriously contend this Court erred in its procedure in deciding the *Graham* case, probably the most important patent case ever decided by this Court?

Certainly one can envision a number of circumstances wherein a reviewing court simply does not have sufficient facts before it, or the meaning of a particular fact is not clear from the record below. In those instances, Beloit does not question that remand is proper, and in fact necessary. Such is not the present case, however. As more fully discussed below, the structure and operation of Valmet's accused forming section is not disputed, and the Federal Circuit was doing no more than arriving at the legal conclusion which it is charged to make by reading the asserted claims, given their proper legal scope, on the infringing structure.

2. There Is No Ambiguous Term of Art for Which the Federal Circuit Required Expert Testimony to Interpret.

In Section I.2 of its Petition, Valmet contends that interpretation of an ambiguous claim term is a fact question. Valmet's statement does not go far enough. More accurately, interpretation of an ambiguous claim term *of art* is a fact question. A word such as "adjacent", to which Valmet devotes much of its Petition, is an ordinary English languge word for which the Federl Circuit did not require the benefit of expert testimony to interpret. The cases relied upon by Valmet clearly support Beloit's position, and the selective, out of context, citation of those cases by Valmet is misleading. For example, in

McGill, Inc. v. *John Zink Co.*, 736 F.2d 666, 672, 221 U.S.P.Q. 944, 948 (Fed. Cir. 1984), which also holds that claim interpretation is a matter of law, the Federal Circuit stated:

> "If, however, the meaning of a *term of art* in the claims is disputed and *extrinsic evidence* is needed to explain the meaning, construction of the claims could be left to a jury." (emphasis added)

In the *McGill* case, the claim language in question was "recovered liquid hydrocarbon absorbent," a term of art which has readily apparent meaning only to a limited class of skilled persons in the relevant technology. Certainly the trial court, as all of us, benefits in that situation by receiving the opinions of experts, or other evidence, to give meaning to this phrase. Such a "term of art" is readily distinguishable from the term "adjacent" in the present case which all of us use in everyday language.

The same is true in the other case on which Valmet relies for this point, *Structural Rubber Products Co.* v. *Park Rubber Co.*, 749 F.2d 707, 223 U.S.P.Q. 1264 (Fed. Cir. 1984). Valmet has submitted a highly edited, out of context portion of that opinion based on wishful thinking that the opinion somehow supports Valmet's position. When the surrounding language is read, however, it is clear the Federal Circuit held opposite to Valmet's position. The edited quote cited by Valmet is taken from footnote 14 from the *Structural Rubber Products* opinion. The sentence in the main text of the opinion, to which the footnote is appended, is as follows at 749 F.2d 721, 223 U.S.P.Q. 1275:

> "Moreover, the factual issue over differences between the prior art and the claimed invention may begin

with, or depend upon, an issue of claim interpretation, *a matter for the court to decide* and to make known to the jury by its instruction." (Emphasis added).

Footnote 14 in its entirety reads as follows:

> "*Coupe* v. *Royer,* 155 U.S. 565, 577 (1895); *Bates* v. *Coe,* 98 U.S. 31, 38-39 (1878) ('In construing patents, it is the province of the court to determine what the subject-matter is upon the whole face of the specification and the accompanying drawings'); *Winans* v. *Denmead,* 56 U.S. (15 How.) 330, 338 (1853) ('[T]wo questions arise. The first is, what is the thing patented; the second, has that thing been constructed, used or sold by the defendants. The first is a question of law, to be determined by the court, construing the letters patent, and the description of the invention and specification of claim annexed to them. The second is a question of fact, to be submitted to a jury.'); *Silsby* v. *Foote,* 55 U.S. (14 How.) 218 (1852) ('The construction of the claim was undoubtedly for the court.').
> "On the other hand, claim construction, dependent on resolution of a factual dispute, does present a jury question. See e.g., *McGill, Inc.* v. *John Zink Co.,* 736 F.2d 666, 672, 221 U.S.P.Q. 944, 948 (Fed. Cir. 1984)."

When read in the full context, it is clear the Federal Circuit did *not* hold that claim construction is *always* dependent on resolution of a factual issue, and therefore presents a jury question, but simply held that *if* claim construction is dependent on a factual dispute, a jury question arises.

Valmet's convoluted argument in Section IV of its Petition that the Federal Circuit ignored its own rule of law in failing to limit the claims as argued by Valmet because "adjacent" is "essential" to the invention

is unsupported by the opinion below. There is no indication, certainly no express statement, by the Federal Circuit in its opinion that it did not consider the term "adjacent" to be "essential" to the invention. Notwithstanding the "essential nature" of the term, it cannot be limited, *as a matter of law,* as Valmet contends and as the ITC held. Even if the term is "essential" to the invention, when properly interpreted *as a matter of law,* it encompasses Valmet's structure. Turning to the specification for guidance concerning the meaning of a particular word in a claim, as may be done with respect to an "essential" term, is a very different matter from limiting the meaning of that term solely to the embodiments and examples of the specification, as Valmet urges and as the Federal Circuit held was erroneous as a matter of law. As stated by this Court in *Smith* v. *Snow,* 294 U.S. 1, 1, 11, 24 U.S.P.Q. 26, 30 (1935):

> "We may take that, as the statute requires, the specifications just detailed show a way of using the inventor's method and that he conceived that particular way described was the best one. But he is not confined to that particular mode of use since the claims of the patent, not its specifications, measure the invention. Paper bag patent case, 210 U.S. 405, 419; *McCarty* v. *Lehigh Valley R. Co.,* 160 U.S. 110, 116; *Winans* v. *Denmead,* 15 How. 330, 343. While the claims of a patent may incorporate the specifications or drawings by reference, see *Snow* v. *Lakeshore R. Co.,* 121 U.S. 617, 630 and thus limit the the patent to the form described in the specification, it is not necessary to embrace in the claims or describe in the specifications all possible forms in which the claimed principle may be reduced to practice."

Relying on *Smith* v. *Snow,* the Federal Circuit held in *Raytheon Co.,* supra, at 724 F.2d 957, 220 U.S.P.Q. 597:

> "In arguing that claims must be read in light of the specification, that prevention of backflow is the "essence" of the patentees' invention, and that all claims must, therefore, be read as including the quoted limitation of claim 1, Raytheon confuses the respective roles of the specification and claims. That claims are interpreted in light of the specification does not mean that everything expressed in the specification must be read into all the claims. On the contrary, as was said in *Environmental Designs,* supra, 713 F.2d at 669, 218 U.S.P.Q. at 871:
>
> > '[t]he specification must be specifically explicit and complete to enable one skilled in the art to practice the invention, while a claim defines only that which the patentee regards as his invention. 35 U.S.C. §112. *The claim, not the specification, measures the invention.* (Case cited) [T]he argument that claim 1 must include a limitation found in the specification is thus legally unsound. *Smith* v. *Snow,* 294 U.S. 1, (1935).'" (emphasis added)

Further, as succinctly stated in *Gore & Associates, Inc.* v. *Garlock, Inc.,* 721 F.2d 1540, 1557, 220 U.S.P.Q. 303, 316 (Fed. Cir. 1983):

> "Distinguishing what infringes from what doesn't is the role of the claims, not of the specification."

Thus, the Federal Circuit, rather than departing from its own rule of law as contended by Valmet, clearly and consistently followed its precedent.

3. There Are No "Disputed Factual Issues" or "Undisturbed Findings" After the Ruling by the Federal Circuit.

Valmet's premise underlying its contention that the Federal Circuit should have remanded the case to the

ITC for further proceedings consistent with the Federal Circuit's correction of the ITC's error of law is that a host of "undisturbed findings" remain as a basis for which a finding of non-infringement could still be made. As stated earlier, however, all of the so-called "undisturbed findings" are defective for the same reason, namely all evidence offered by Valmet suffered from the misconception that the claims had to be limited to the examples and embodiments of the specification. Valmet is confusing the terms "invention" and "claims" in contending that simply because the "invention" was devised to overcome a particular problem, the "claims" must be forever limited to structures which meet and overcome the problem in an identical manner. As the record below clearly indicates, although the claimed subject matter was indeed devised to initially correct the problem of "spewing" (i.e., the expulsion of water from the sides of a nip which is of insufficient size and operating speed to accommodate the incoming volume of liquid), the patent specification makes clear that the structure which solves this problem has surprising utility in improving formation quality even where this problem is not present.

In Section III of its Petition, Valmet sets forth a number of purported "undisturbed" findings which allegedly remain after the Federal Circuit's ruling. It is clear, however, that all of the testimony cited by Valmet relates to *claim language,* and therefore suffers from the aforementioned defective premise of Valmet that the claim language must be limited to the examples in the specification. For example, on page 14, the question put to Mr. Chapman was what the term "adjacent" means *in the claim language.* Mr. Chapman's answer and the follow-up questions thus are directed to Mr. Chapman's

claim interpretation. Similarly, the question put to Beloit's technical expert asked the purpose *in the claims* for defining the curved stationary surface as being adjacent the entrance nip. All of Valmet's arguments on this point are completely undermined by the ruling of the Federal Circuit because the underlying premise of Valmet has been held to be erroneous as a matter of law. The asserted claims simply are not limited by the examples and embodiments of the specification, a ruling which taints every offer of evidence by Valmet on the issue of non-infringement.

The contention of Valmet that the ITC would somehow have "undisturbed findings" to apply to the rule of law set forth by the Federal Circuit is thus incorrect. There is no reason to believe that the Federal Circuit was unaware of the so-called "other testimony" purportedly supporting non-infringement, since this was brought to the Federal Circuit's attention in Valmet's briefs, at oral argument, and in its request for a rehearing. Not a single judge of the Federal Circuit, in reviewing Valmet's request for a rehearing, found any reason to doubt that the case had been properly decided. The Federal Circuit was fully aware of the alleged "undisturbed findings" and clearly made the determination, as stated above, that those findings were not "preserved" as Valmet contends, but were instead defective as being based on a underlying erroneous legal premise.

4. The Actions of the Federal Circuit Are Not in Conflict With the Administrative Procedure Act.

Nothing in the Administrative Procedure Act, particularly 5 U.S.C. §706, relied on by Valmet, requires the Federal Circuit to have undertaken any action other than

it did. As stated above, Beloit does not disagree that certain situations may arise wherein a reviewing court simply does not have the facilities, or the firsthand knowledge, to apply a corrected standard of law to the existing facts as they come to it. The cases of this Court relied on by Valmet simply hold as much. This is not the case in the present matter, wherein the Federal Circuit did not require any further factual information than it already had before it to simply read the claim language, properly interpreted as a matter of law, on the accused structure. As stated above, in such instances it would be a waste of judicial resources to continually send the case back and forth between the lower and reviewing courts. This is the very reason why this Court acted as it did in the above-discussed *Graham* case. Once the rule of law is enunciated, the court stating the rule of law, having all facts before it, is competent to apply the rule of law to the facts. Simply because the outcome of this legal conclusion may be different from the outcome in the court below, is not a basis for assuming a *sub silentio de novo* fact-finding by the reveiwing court, as contended by Valmet.

The Federal Circuit is sensitive, and has shown great deference, to the admonition of *Pullman-Standard* v. *Swint*, 456 U.S. 273 (1982) regarding the role of reviewing courts. In *Gore*, supra, at 721 F.2d 1547, 220 U.S.P.Q. 308, the Federal Circuit stated:

> "Though findings that 'rest on an erroneous view of the law may be set aside on that basis,' *Pullman-Standard* v. *Swint*, 456 U.S. 273 (1982), it is unnecessary here to set aside any probative fact found by the district court or to engage in what would be an inappropriate reweighing of the facts."

The Court consistently held in *Raytheon*, supra, 724 F.2d 956, 220 U.S.P.Q. 596 as follows:

> "Raytheon argues the evidence *de novo*. As Roper correctly points out, this court does not review the fact record *de novo*. District Court findings must be accepted unless they are predicated on an improper legal foundation, see e.g., *W. L. Gore & Associates, Inc.* v. *Garlock, Inc.* (citation omitted), or unless they are shown by the party challenging them to be 'clearly erroneous', i.e., unless this court is left with the 'definite and firm conviction that a mistake has been committed.' *Inwood Laboratories, Inc.* v. *Ives Laboratories, Inc.*, 456 U.S. 844 (1982). The clearly erroneous standard applies to findings, not to legal conclusions."

The Federal Circuit further stated in *ACS Hospital*, supra, 732 F.2d 1578, 221 U.S.P.Q. 933:

> "In this endeavor we are not ourselves finding those facts which the trial court failed to set out for us. As an appellate court, we lack the power to perform that exercise. Where the trial court fails to make findings, the judgment will normally be vacated and the action remanded for appropriate findings to be made. Where a full understanding may be had without the aid of separate findings, however, we recognize a narrow exception to that general rule."

Valmet's suggestion in footnote 1 on page 3 of its Petition that this Court consider reversing the judgment of the CAFC and remanding for further proceedings in accord with *Anderson* v. *City of Bessemer City*, U.S. , 53 U.S.L.W. 4314 (March 19, 1985), in lieu of granting Valmet's Petition, is unfounded. That case states no more than the aforementioned *Pullman-Standard* case, wherein the reviewing court clearly engaged in a reinterpretation of evidence presented in the District

Court. As discussed above, this situation is in contrast to the proceedings below, wherein the Federal Court simply applied a correct rule of law to claim interpretation, and then reached the legal conclusion of infringement based on this matter of law.

For example, if a reviewing court is asked to review the upholding of a contract in the court below, and the reviewing court finds the court below erroneously applied the statute of frauds, does Valmet contend the reviewing court should simply throw up its hands and refuse to then properly apply the correct interpretation of the statute of frauds to make a determination of the validity of the contract?

Reviewing courts are not required to wear blinders and take such a narrow view of their appellate role. To remand in such an instance for "further findings" by the court below results in unnecessary delay and a waste of judicial resources, and the District Court is in no better position under those circumstances to make a ruling than the reviewing court. Such is the case in the present matter, and nothing in the Administrative Procedure Act, or the Supreme Court cases construing the role of reviewing courts, mandates otherwise. Particularly in cases arising under Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. Sec. 1337, the congressional mandate for expedition should not be frustrated by unnecessary remands in cases wherein the Federal Circuit can readily apply the law to the facts found by the ITC.

II. THE "COMPARATIVE ANAYLSIS" OF CERTIORARI PETITIONS DEVISED BY VALMET IS MEANINGLESS

At page 43 of the Appendix accompanying Valmet's Petition, Valmet sets forth a chart purporting to be a comparative analysis of Petitions for Writs of Certiorari complaining of *de novo* fact finding by the various Circuit Courts of Appeals. This table and Valmet's comments thereto, of course, are not part of the record below and have been created completely after the Appeal. The table purports to demonstrate that a disproportionate number of Petitions for Certiorari from the Federal Circuit complain of *de novo* fact finding, as compared to the other courts of appeals. This chart and the accompanying analysis are flawed for several reasons.

First, the chart compares Petitions for Certiorari only after November 9, 1982, this being approximately the time at which the Federal Circuit came into existence. The Federal Circuit was physically a combination of the former Court of Customs and Patent Appeals (hereinafter "the CCPA") and the United States Court of Claims. The subject matter jurisdiction of the Federal Circuit is, however, considerably broader than the individual jurisdictions of those two component courts. As set forth in Senate Report No. 97-275 (97th Congress, Second Session 1982), at page 7, using 1981 figures (the year before the Federal Circuit went into existence) the Federal Circuit was expected to handle approximately 159 cases that otherwise would have been heard by the CCPA, 512 cases that would have been heard by the Court of Claims, and approximately 400 patent or federal contract cases coming directly from the District Courts that would have been heard by the existing Circuit

Courts of Appeals. Thus, the largest portion of the Federal Circuit's new docket was expected to come from the Court of Claims, the jurisdiction of which extended to many matters other than patent cases. There are no figures in Valmet's chart including the Court of Claims as the equivalent of a Court of Appeals, although the bulk of the Federal Circuit's jurisdiction comes from that Court. Perhaps the nature of those cases, involving mixed questions of fact and law, is such as to skew Valmet's chart when all those cases are lumped together in the Federal Circuit jurisdiction.

Secondly, perhaps patent cases themselves, involving complex mixed questions of fact and law, inherently engender more *allegations* (whether well-founded or unfounded) of findings of fact *de novo* than other types of cases. If this is so, a comparison of the other Courts of Appeals when they were hearing patent cases would be more valid than a comparison when those Courts of Appeals are hearing no patent cases, and the Federal Circuit is hearing all patent cases, such as is the case after November, 1982. As noted in the aforementioned Senate Report at page 17:

> "The Court of Appeals for the Federal Circuit will be considering cases that are unusually complex and technical. Consequently, its cases will be extraordinarily time-consuming, and fewer of them will be appropriate for summary disposition than is true of the cases that make up the dockets of the regional Courts of Appeals."

Further, one legislative mandate of the Federal Circuit is to remove conflicts among the circuits in those areas, including patent law, within its subject matter jurisdiction. As stated in the Senate Report at page 5:

> "The establishment of the Court of Appeals for the Federal Circuit also provides a forum that will increase doctrinal stability in the field of patent law. Based on the evidence it had compiled, the Hruska Commission singled out patent law as an area in which the application of the law to the facts of a case often produces different outcomes in different court rooms in substantially similar cases."

In an effort to eliminate the undesirable practice of forum shopping and to make the patent laws nationally uniform in their application, the Federal Circuit was granted jurisdiction for patent based appeals. As noted at the outset, this grant of exclusive jurisdiction to the Federal Court has eliminated a major basis for Petitions for Certiorari from that Court, namely conflicts among the circuits. It is not surprising that having this basis for a petition removed, dissatisfied parties have attempted to reach the same result by allegations of fact finding *de novo*. It is not surprising, given the relative youth of the Federal Circuit as an institution, that disagreements in its early existence will arise as differing geographic applications of patent law are gradually eliminated.

Lastly, Valmet has not provided any clear criteria as to how a Petition for a Certiorari in its table is classified as one alleging a finding of fact *de novo*. Did Valmet select only Petitions wherein those very words were used, or did Valmet make a subjective judgment as to when an argument, otherwise phrased, was "really" an allegation of fact finding *de novo*?

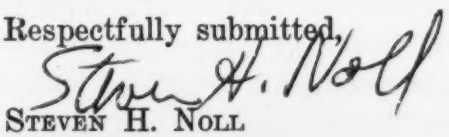
For the foregoing reasons, Valmet's purported comparison is logically and factually in error, and makes no valid comparison between the Federal Circuit and any

other Court of Appeals. This table and accompanying argument should thus be given no weight whatsoever in evaluating the merits of Valmet's Petition.

CONCLUSION

For the foregoing reasons, Beloit submits the Decision of the Federal Circuit below is proper in all respects, and no error was committed by the Federal Circuit in reversing the ITC and finding infringement. Beloit, therefore, respectfully submits that Valmet's Petition for Writ of Certiorari be denied.

Respectfully submitted,



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CERTIFICATE OF SERVICE

It is hereby certified that true and correct copies of this RESPONDENT'S BRIEF IN OPPOSITION have been served upon attorneys for petitioners on May 20, 1985, by mailing the copies thereof, contained in sealed envelopes, first-class postage prepaid, addressed to said attorneys as follows.

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